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INFORMAL REPORT

25X1A2g

COUNTRY Austria/Switzerland/USSR

DATE DISTR. 30 November 1948

SUBJECT Soviet Oil Authorities in Austria Negotiate to  
Buy Steel Pipe from Swiss Firm  
25X1A6a

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SUPPLEMENT  
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1. On 20 September 1948, a Swiss businessman named Winger, representing the Bern firm of Comestero (sic), and Ing. Mittelmann and Ing. Ulrik, both of the Central Administration of Soviet Oil Companies in Austria (CASOCA), held a meeting to discuss delivery of 2,000 tons of drilling pipe to CASOCA.
2. In accordance with Comestero's offer, the price of the pipe will be \$295 per ton, or \$285 if prepaid in cash at the Austro-Swiss border at Buchs. In the event that CASOCA prefers to make compensation payment in processed scrap, Classes 3 to 5, it was agreed that the ratio of scrap to pipe would be 15:1, with the price of scrap set at \$20 per ton and pipe at \$300 per ton.
3. The total of 2,000 tons of pipe is to be delivered in monthly quantities of 300 to 500 tons, but, at Winger's suggestion, shipments of pipe will not begin until four months after posting of mutual bonds (Akreditiven) covering the agreement, or four months after receipt by Comestero of a first shipment of a minimum of 6,000 tons of scrap from CASOCA.
4. Receipts for pipe deliveries will be signed by an agent to be appointed by CASOCA. Comestero is to receive compensation scrap from Linz or Donawitz. **Comment:** Presumably from Vereinigte Oesterreichische Eisen-und Stahlwerke A.G. at Linz and Oesterreichische Alpine Montangesellschaft at Donawitz, Styria, through some Austrian intermediary with Soviet contacts, such as Martin Mitterbacher.
5. On 8 October 1948, a report by another source confirmed the above information and added that final agreement was dependent upon Soviet approval of importing the pipe as though it were of Czech origin. **Comment:** This presumably refers to a system which has been used by USIA in circumventing Austrian import-export regulations. Shipments are sent to a Czechoslovak border station where they are given new papers of origin and forwarded to the destination as Czechoslovak goods. It is possible that shipments of compensation scrap to Comestero might also be handled in this manner.)

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6. A third source reported during October 1948 that new and extensive borings in the Zistersdorf fields have caused an acute shortage of drilling pipe, and that the Soviets are probing all possible sources for pipe, even to the point of issuing orders calling for removal of pipe from wells now operating on a marginal basis.

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